

Revision: HCFA-PM-88-10 (BERC)

SEPTEMBER 1988

State: MICHIGANCitation

4.5(a)(1)

Medicaid Recovery Audit Contractor Program

Section  
1902(a)(42)(B)(i)  
of the Social  
Security Act

☒ The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

☒ The State is seeking an exception to establishing such program for the following reasons:  
CMS' September 16, 2011, publication of the Medicaid RAC final rule does not provide sufficient time for the state to complete its procurement process and implement the program by January 1, 2012. The state proposes an implementation date of March 31, 2012.

The State is seeking an exception to 42 CFR 455.508(b), requiring the RAC to have one FTE contractor medical director licensed to practice in Michigan because this requirement would create an undue burden on the State, increase the cost of the RAC program and reduce service quality.

Section  
1902(a)(42)(B)(ii)(I)  
of the Act

☒ The State/Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.

Place a check mark to provide assurance of the following:

☒ The State will make payments to the RAC(s) only from amounts recovered.

☒ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.

Section 1902  
(a)(42)(B)(ii)(II)(aa)  
of the Act

☒ The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):

☒ The State attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.

☐ The State attests that the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will only submit for FFP up to the amount equivalent to that published rate.

☐ The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.